

**SCENARIO NOTE TO THE DEPUTY MINISTER**

**MEETING BETWEEN**  
**DEPUTY MINISTER OF INFRASTRUCTURE AND COMMUNITIES**  
**AND THE PARLIAMENTARY BUDGET OFFICER**

**MEETING DETAILS**

- **DATE/TIME:** Thursday, October 18, 2018, 11:00 to 11:30 a.m.
- **LOCATION:** 50 O'Connor St. Suite 919, 9<sup>th</sup> floor
- **PARTICIPANTS:**
  - Kelly Gillis, Deputy Minister of Infrastructure and Communities
  - Sean Keenan, Director General, Economic Analysis and Results Directorate, Policy and Results Branch
  - Yves Giroux, Parliamentary Budget Officer (PBO)
  - Jason Jacques, Chief Financial Officer and Senior Director of Costing and Budgetary Analysis (PBO)

**PURPOSE**

- To meet the new Parliamentary Budget Officer (PBO) and establish a positive working relationship.
- To provide the PBO with an overview of the Investing in Canada Plan and an update on our progress and accomplishments to date in implementing the Plan, in support of any future PBO reporting, studies and Parliamentary appearances on infrastructure investments and spending under the Plan.
- To provide an overview of our various reporting tools including the Investing in Canada Plan publication, the geo-map, and to indicate our intention to publish a new public reporting webpage.

**HIGHLIGHTS/KEY CONSIDERATIONS**

- Mr. Yves Giroux, started in his role as the new PBO on September 4, 2018 for a seven-year term (See biography, Annex A).
- Following the release of the former PBO's second report on infrastructure investments in March 2018, the Deputy Minister and departmental officials worked closely with the PBO and officials from his office to establish a more collaborative working relationship to ensure that departments provided complete and accurate data to inform the PBO's analysis. We hope to continue to have a positive and collaborative relationship with Mr. Giroux.

- While the PBO has not specified plans to undertake a fourth report on infrastructure investments under the Plan, since the release of the third report (August 2018), the PBO appeared at the Senate Standing Committee on National Finance and has been invited to appear at the Standing Committee on Transport, Infrastructure and Communities (TRAN), tentatively scheduled for November 8, 2018. The Clerks of both these Committees have indicated that Senators and Parliamentarians have an ongoing interest in the infrastructure file, and in the PBO's continued focus in this area.

### **KEY BACKGROUND**

- INFC is taking steps to ensure proactive and regular reporting on infrastructure spending under the Plan. A new data table has been developed and will be published on INFC's website later this month. The table will include implementation data and spending information for all 14 departments delivering the Plan.
- Following the release of the March 2018 PBO report on infrastructure spending, you and the former PBO, Jean-Denis Fréchette, met to discuss how to better work together in the future, with a particular emphasis on establishing a shared understanding of the scope of Investing in Canada Plan, and a complete and accurate data set provided by departments. Following this, the former PBO released a third report on infrastructure spending (August 2018).
- This meeting provides the opportunity to re-establish and maintain the strong working relationship that was established and maintained over the last six months with the former PBO and his officials.

### **PROPOSED TALKING POINTS/PROPOSED QUESTIONS**

- I am pleased to support you in your work and recognize the importance of tracking and reporting on the investments being made in infrastructure across the country.
- I share your interest in ensuring that PBO's analysis is based on a shared understanding of the scope of the Investing in Canada Plan, and infrastructure investments therein, supported by complete and accurate data from departments, and am willing to assist in ensuring you receive the information you need.
- The Plan is a pan-government effort, being implemented by 14 federal departments and agencies (see Annex C). Infrastructure Canada is responsible for managing the overall implementation of the Plan, including reporting on progress and results.
- My department is also implementing several programs and initiatives under the Plan, representing a significant share (approximately \$56B in B2016 and B2017). Some of my department's initiatives include:

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- **Public Transit Infrastructure Fund** \$3.4B – helped purchase 3,455 new buses and rehabilitate or enhance 3,798 others in communities across the country
  - **Clean Water and Wastewater Fund** \$2B – supported 772 drinking water systems and 647 wastewater systems, which are helping to provide clean water and a healthy environment for Canadians
  - As of October 3, 2018 we have signed **integrated bilateral agreements** with all provinces and territories, providing the framework to deliver more than \$33 billion of federal funding over the next decade for infrastructure projects
  - The **Canada Infrastructure Bank** \$15B under the Plan – established, operational and funding its first project, which is the Réseau express métropolitain
  - The **Smart Cities Challenge** \$300M – Twenty finalists have been chosen, and winners will be announced in spring 2019
  - The **Disaster Mitigation and Adaptation Fund** \$2B – launched in May of this year [REDACTED]
- 68 of the 70 Budget 2016 and 2017 programs and initiatives under the Plan have been launched – representing nearly \$90B in funding.
  - We know that economic benefits start when the Government approves projects and work begins. Our Minister has travelled the country and seen first-hand results of investments where no provincial claims have yet been submitted, such as the Garage Côte-Vertu in Montreal, where ongoing construction of 1.5 km of new tunnels began over a year ago for the Montreal subway, yet we have not paid out any money for this project.
  - Projects under the Plan are being approved daily to improve the lives of Canadians and support economic growth. To date, more than 30,000 projects have been approved under the Plan, 97 percent of which are currently underway and creating jobs for Canadians and economic growth opportunities across the country.
  - Flow of federal infrastructure investments has increased significantly. At this point in FY 2018-19, program spending at INFC is approximately \$500 million, which represents its highest level ever. I expect that we will meet or exceed our allocations for 2018-19 (based on historical experience wherein the majority of claims arrive during the last quarter).

- We are actively seeking ways to enhance our reporting to Canadians on the progress and implementation of the Investing in Canada plan. Before the end of this month I expect that my department will publish a new data table on the Infrastructure Canada website, showing more detailed implementation data including funding approved to date, the number of projects started, and money spent.
- I would be interested in hearing about your vision and objectives for your term as Parliamentary Budget Officer, and we here at Infrastructure Canada can support you in this.

**Attachments:**

Annex A – Biography, Yves Giroux

Annex B – Additional Background

1. Current actions to track departmental spending on the Investing in Canada plan
2. Proactively reporting to Canadians on progress and spending
3. Key accomplishments to date (INFC and IICP-wide)
4. Parliamentary Budget Officer's mandate and reports

Annex C – Investing in Canada plan – status of programs

**Yves Giroux**

**Governor in Council, Parliamentary Budget Officer (PBO)**



Yves Giroux was appointed by the Governor in Council to serve as Parliamentary Budget Officer (PBO), for a seven-year term, effective September 4, 2018.

Mr. Giroux entered the federal public service in 1995. Over the course of his 23-year career, he assumed progressively senior level positions and increased responsibilities, joining the executive ranks in 2003.

Mr. Giroux has in-depth tax, fiscal and financial, and social policy knowledge and expertise, and considerable experience with stakeholder relations, and the management of large teams and multi-million dollar budgets. For more than 20 years, he has been closely involved in the federal Budget process in various capacities and is highly regarded as an expert on federal budget making and the Government's expenditure system.

Since 2015, Mr. Giroux has been serving as Assistant Commissioner and Chief Data Officer, Strategy and Integration Branch, with the Canada Revenue Agency. Prior to this, he spent four years as Director, Operations, Liaison Secretariat for Macroeconomic Policy at the Privy Council Office. From 2005 to 2011, he served as Director and Senior Chief, Social Policy Division, Finance Canada.

Mr. Giroux is a graduate of the Université de Montreal, where he earned a Master's and a Bachelor degree, both in Economics. He is married with two children: an adult daughter and a teenage son.

## **Annex B: Additional Background**

1. Current actions to track departmental spending on the Investing in Canada plan
2. Proactively reporting to Canadians on progress and spending
3. Key accomplishments to date (INFC and IICP-wide)
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### **Current Actions to Track Departmental Spending on the Investing in Canada Plan**

INFC is working to improve its financial reporting so that it is clear to Canadians when costs are incurred and when federal funds flow to other levels of government. This will help ensure that reporting on spending is more closely aligned with construction activities. Over the past year senior finance officials from INFC and across the federal government have been working together to put in place more robust and timely mechanisms to capture actual spending on the ground for the infrastructure projects underway across the country.

This supports the Government's efforts to be more transparent and provide the most accurate information to Canadians. PBO reports note our continued improvement in this area, particularly with steps to better align the expense outlook and measures from Budget 2018 with the Estimates process.

#### **1. Proactively Reporting to Canadians on Progress and Spending**

Infrastructure Canada is preparing to release a new data table on the Infrastructure Canada website, which will show the progress of the Investing in Canada plan, including funding approved to date, the number of projects started, and the flow of funds.

Infrastructure Canada is committed to publishing an annual progress report on the Plan.

In December 2017, Infrastructure Canada launched the Investing in Canada Plan geo-map. This map allows Canadians to search for infrastructure investments made in their communities, and to date includes a selection of over 10,000 "map-able" projects and initiatives from across the country.

Infrastructure Canada proactively reports on the status of our programming through the Results.ca website, and through the Government of Canada's Open data portal.

INFC also reports on the Plan annually through the Department Results Report horizontal initiative supplementary tables, which includes information on all programs under the Plan, their planned and actual spending, and results achieved.

### **3. Key Accomplishments to Date (INFC and IICP-wide)**

All Budget 2016 programs under the Plan are well underway and the majority (32 out of 34) of Budget 2017 programs/initiatives have launched.

Economic benefits start when the Government approves projects and work begins. To date, more than [30,000] projects have been approved under the Investing in Canada plan, accounting for over \$17 billion of available funds. Ninety-seven percent of these projects are currently underway and creating jobs for Canadians in a wide variety of sectors and economic growth opportunities across the country.

The flow of federal infrastructure investments has increased significantly. Program spending at Infrastructure Canada at this point in the fiscal year is approximately \$500 million, which represents its highest level ever.

Infrastructure Canada has signed Integrated Bilateral Agreements with all provincial and territorial governments to deliver over \$33 billion in infrastructure investments.

There is strong provincial and territorial support for working together to realize the timely delivery of infrastructure projects, and to ensure that no project that is ready to proceed misses the construction season due to delays in the approval process. INFC is working with provinces and territories to explore ways to flow federal funds to provinces and territories as soon as work takes place. INFC is also working with the Treasury Board Secretariat to explore ways to streamline the approval of large projects through Treasury Board's review without compromising the sound stewardship of public funds.

Last November, Infrastructure Canada launched the Smart Cities Challenge, which encourages communities to adopt a smart cities approach to improve the lives of their residents through innovation, data and connected technology. Over 220 communities responded to the Challenge through 130 applications from all provinces and territories, and winners will be announced in the Spring of 2019.

The Canada Infrastructure Bank has been established, and the first investment in the *Réseau express métropolitain* project (REM) in Montréal has been approved.

The \$2 billion Disaster Mitigation and Adaptation Fund was launched in May of this year to support large-scale infrastructure projects to help communities better manage the risks of disasters triggered by natural hazards.

#### **4. Parliamentary Budget Officer's Mandate and Reports**

The PBO's mandate is to provide independent analysis to Parliament on the Budget, the Estimates and other documents, as well as matters of particular significance relating to the nation's finances or economy listed in the PBO's annual work plan; and at the request of a committee or a parliamentarian, to estimate the financial cost of any proposal that relates to matters over which Parliament has jurisdiction. Certain committees can also request analyses of the nation's finances or economy or the estimates.

Since March 2019, the PBO has released three reports on infrastructure spending, with a focus on Phase 1 of the Investing in Canada plan.

##### March 15, 2018 report

On March 15, 2018 the PBO published a report, *Budget 2018: Issues for Parliamentarians*, which noted that there were infrastructure spending delays and an incomplete account of the full \$187.6 billion Investing in Canada plan.

##### March 29, 2018 report

On March 29, 2018, the PBO published a further report to expand on the March 15<sup>th</sup> report: *Status Report on Phase 1 of the New Infrastructure Plan*. He noted that there had been delays in federal infrastructure spending, project identification, and project start dates. Although the Budget 2016 infrastructure spending tracked by PBO in this report included more programs than what is actually under Phase 1 of the Investing in Canada Plan, this was rectified in their next report.

##### August 22, 2018 report

This report provides an update of the March 2018 report on infrastructure spending under Phase 1 of the Plan.

The PBO concluded there are delays in federal spending, but partially attributed this to implementation delays by provinces and municipalities, and pointed to significant downward revisions in provincial planned and actual infrastructure spending. In their March report, the PBO estimated that planned spending in the first two years of the Phase I IICP would total \$6.2 billion; the August report updates this figure is \$6.5 billion.

The report also notes that the majority of the spending in FYs 2016-17 and 2017-18 was for projects under the social infrastructure stream. This finding is consistent with the relative speed of undertaking projects such as social housing upgrades relative to other infrastructure work, such as public transit upgrades.

Based on the updated profile provided in Budget 2018, the PBO estimated that Budget 2016 infrastructure spending raised the level of real GDP between 0.13 and 0.16 per cent in 2017-18, increasing the overall level of employment by between 9,700 and 11,600 jobs.



# Investing in Canada plan: Overview of Funding by Department - \$187.8B<sup>i</sup> (\$92.2B Existing Funding + \$14.4B Budget 2016 + \$81.2B Budget 2017)

<b>INFRASTRUCTURE CANADA</b> <b>Existing Funding</b> <ul style="list-style-type: none"> <li>Multiple initiatives over 12 years (\$57.5B)<sup>ii</sup></li> </ul> <b>Budget 2016</b> <ul style="list-style-type: none"> <li>Public Transit Infrastructure Fund (\$3.4B)</li> <li>Clean Water and Wastewater Fund (\$2B)</li> <li>Municipalities for Climate Innovation Program (\$75M)</li> <li>Municipal Asset Management Program (\$50M)</li> <li>Codes, Guides and Specifications for Climate-Resilient Public Infrastructure (\$40M)</li> <li>Lake Manitoba/Lake St. Martin Outlet Channels (\$247.5M)</li> <li>North Shore Wastewater Treatment Plant (\$212.3M)</li> </ul> <b>Budget 2017</b> <ul style="list-style-type: none"> <li>Investing in Canada Infrastructure Program (\$33.1B)</li> <li>Canada Infrastructure Bank (\$15B)</li> <li>Disaster Mitigation and Adaptation Fund (\$2B)</li> <li>Smart Cities Challenge (\$300M)</li> </ul> <p><sup>ii</sup> This includes the GST Rebate which is administered by CRA.</p>	<b>CANADA MORTGAGE AND HOUSING CORPORATION</b> <b>Existing Funding</b> <ul style="list-style-type: none"> <li>Existing Housing Programs over 12 years (\$17.3B)</li> </ul> <b>Budget 2016</b> <ul style="list-style-type: none"> <li>Investment in Affordable Housing (\$504.4M)</li> <li>Renovation and Retrofit of Social Housing (\$574M)<sup>iii</sup></li> <li>Increasing Affordable Housing for Seniors (\$200.7M)</li> <li>Renovation and Retrofit On Reserve (\$127.7M)</li> <li>Northern Housing (\$97.7M)</li> <li>Supporting Shelters for Victims of Family Violence (\$89.9M)</li> <li>Shelters for First Nations Victims of Family Violence (\$10.4M)</li> <li>Aboriginal Capacity and Skills Development (\$10M)</li> </ul> <b>Budget 2017</b> <ul style="list-style-type: none"> <li>FPT Housing Partnership Framework (\$7.7B)</li> <li>National Housing Co-Investment Fund (\$5.1B)</li> <li>Other National Housing Strategy Initiatives (\$1.1B)</li> </ul> <p><sup>iii</sup> A portion of this envelope (\$77M) is federally delivered, thus not under a bilateral agreement.<sup>1</sup></p>	<b>INDIGENOUS SERVICES CANADA</b> <b>Existing Funding</b> <ul style="list-style-type: none"> <li>Six initiatives over 12 years (\$14.6B)</li> </ul> <b>Budget 2016</b> <ul style="list-style-type: none"> <li>Water and Wastewater (\$1.8B)</li> <li>On-Reserve Housing Funds (\$416.6M)</li> <li>Health Facilities Program (\$270M)</li> <li>First Nations Infrastructure Fund – Cultural and Recreational Centers (\$76.9M)</li> <li>Aboriginal Head Start on Reserve (\$51.2M)</li> </ul> <b>Budget 2017</b> <ul style="list-style-type: none"> <li>Improving Indigenous Communities (\$4B)</li> <li>Capital Facilities and Maintenance program (\$15M)</li> </ul>	<b>FINANCE CANADA</b> <b>Budget 2017</b> <ul style="list-style-type: none"> <li>Reserved Green Funding (\$2B)</li> </ul> <b>HEALTH CANADA</b> <b>Budget 2017</b> <ul style="list-style-type: none"> <li>Home Care Infrastructure (\$1B)</li> </ul> <b>CROWN-INDIGENOUS RELATIONS AND NORTHERN AFFAIRS CANADA</b> <b>Budget 2016</b> <ul style="list-style-type: none"> <li>Inuit Housing (\$80M)</li> <li>First Nations Waste Management Initiative (\$408.9M)</li> </ul> <b>Budget 2017</b> <ul style="list-style-type: none"> <li>Indigenous Community-Based Climate Monitoring Program (\$72.7M)</li> <li>Climate Change Preparedness in the North Program - Implementation of Adaptation Actions in the North (\$55.9M)</li> <li>First Nation Adapt Program – Flood Plain Mapping (27M\$)</li> </ul>
<b>TRANSPORT CANADA</b> <b>Existing Funding</b> <ul style="list-style-type: none"> <li>One initiative over 5 years (\$341M)</li> </ul> <b>Budget 2017</b> <ul style="list-style-type: none"> <li>National Trade Corridors Fund (\$2B)</li> <li>Connecting Communities by Rail and Water (\$1.925B)<sup>iv</sup></li> <li>Oceans Protection Plan (\$1.325B)<sup>iii</sup></li> <li>Modernizing Transportation (\$76.7M)</li> <li>Trade and Transportation Information System (\$50M)</li> <li>Climate Risk Assessments (\$16.4M)</li> <li>Heavy-Duty Vehicle and Off-Road Regulations (\$16M)</li> </ul> <p><sup>iv</sup> Include funding to support capital projects where costs are amortized over the useful life of the asset. The 11-year totals include the remaining amortization amounts beyond 2027-28.</p>	<b>NATURAL RESOURCES CANADA</b> <b>Budget 2016</b> <ul style="list-style-type: none"> <li>Electric Vehicle and Alternative Fuel Infrastructure Deployment and Technology Demonstration (\$62.5M)</li> <li>Green Municipal Fund (\$62.5M)</li> <li>Regional Electricity Cooperation and Strategic Infrastructure (\$2.5M)</li> </ul> <b>Budget 2017</b> <ul style="list-style-type: none"> <li>Clean Energy for Rural and Remote Communities (\$220M)</li> <li>Emerging Renewable Power (\$200M)</li> <li>Energy Efficient Buildings (\$182M)</li> <li>Electric Vehicle and Alternative Fuel Infrastructure (\$120M)</li> <li>Smart Grid (\$100M)</li> <li>Adaptation and Resilience – Building Resilience and Adaptation Capacity and Expertise (BRACE) and Knowledge Synthesis (\$18M)</li> </ul>	<b>EMPLOYMENT AND SOCIAL DEVELOPMENT CANADA</b> <b>Existing Funding</b> <ul style="list-style-type: none"> <li>Two initiatives over 12 years (\$1.96B)<sup>v</sup></li> </ul> <b>Budget 2016</b> <ul style="list-style-type: none"> <li>Early Learning and Child Care (\$270.6M)</li> <li>Indigenous Early Learning and Child Care (\$129.4M)</li> <li>Homelessness Partnering Strategy (\$111.77M)</li> <li>First Nations and Inuit Child Care Initiative (\$62.8M)</li> <li>Enabling Accessibility Fund (\$4M)</li> </ul> <b>Budget 2017</b> <ul style="list-style-type: none"> <li>Early Learning and Child Care (\$5.3B)</li> <li>Indigenous Early Learning and Child Care Transformative Initiative (\$1.7B)</li> <li>Homelessness Partnering Strategy (\$2.13B)</li> <li>Enabling Accessibility Fund (\$77M)</li> <li>Women in Construction Fund (\$10M)</li> </ul> <p><sup>v</sup> One initiative (\$1.6B) is shared with ISC and PHAC.</p>	<b>ENVIRONMENT AND CLIMATE CHANGE CANADA</b> <b>Budget 2016</b> <ul style="list-style-type: none"> <li>Green Municipal Fund (\$62.5M)</li> </ul> <b>Budget 2017</b> <ul style="list-style-type: none"> <li>Canadian Centre for Climate Services (\$107.9M)</li> </ul>
<b>INNOVATION, SCIENCE AND ECONOMIC DEVELOPMENT CANADA</b> <b>Budget 2016</b> <ul style="list-style-type: none"> <li>Post-Secondary Institutions Strategic Investment Fund (\$2B)</li> <li>Connect to Innovate (\$500M)</li> </ul> <b>Budget 2017</b> <ul style="list-style-type: none"> <li>Innovation Superclusters Initiative (\$150M)</li> </ul>	<div> <b>INITIATIVES DELIVERED THROUGH BILATERAL AGREEMENTS</b>  <b>INITIATIVES NOT YET FULLY LAUNCHED ARE IN RED</b>  <b>MONEY RESERVED IN THE FISCAL FRAMEWORK FOR FUTURE FUNDING DECISIONS IN GREEN</b> </div>	<b>CANADIAN HERITAGE</b> <b>Existing Funding</b> <ul style="list-style-type: none"> <li>One initiative over 12 years (\$360M)</li> </ul> <b>Budget 2016</b> <ul style="list-style-type: none"> <li>Canada Cultural Spaces Fund (\$168.2M)</li> </ul> <b>Budget 2017</b> <ul style="list-style-type: none"> <li>Canada Cultural Spaces Fund (\$300M)</li> <li>Community Educational Infrastructure (\$80M)</li> </ul>	<b>PARKS CANADA</b> <b>Budget 2016</b> <ul style="list-style-type: none"> <li>National Cost-Sharing Program for Heritage Places (\$20M)</li> </ul> <b>PUBLIC HEALTH AGENCY OF CANADA</b> <b>Budget 2016</b> <ul style="list-style-type: none"> <li>Aboriginal Head Start in Urban and Northern Communities (\$15.4M)</li> </ul>

<sup>i</sup> Totals do not add up to \$187.8B due to fiscal framework adjustments, rounding and other revenues.  
Updated October 11, 2018

As of 2018-06-25